

**1. Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysia Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”). These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The notes to the condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended (“**FYE**”) 30 June 2021.

**2. Significant accounting policies**

The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited consolidated financial statements for the FYE 30 June 2021 except for standards effective for financial periods beginning on or after 1 January 2021:-

The standards that are issued but not yet effective up to the date of authorisation of these financial statements are disclosed below. These standards are not expected to significantly impact the financial statements in the period of initial application.

	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures - Interest Rate Benchmark Reform (Phase 2)	1 January 2021
Amendment to MFRS 1, First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 3, Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendment to Illustrative Example accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendment to MFRS 116, Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137, Provision, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendment to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 - 2020)	1 January 2022
Amendments to MFRS 17, Insurance Contracts and Amendments to MFRS 17, Insurance Contracts	1 January 2023
Amendments to MFRS 101, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be confirmed

**3. Auditors’ report**

There was no qualified audit report issued by the auditors in the annual financial statements for the FYE 30 June 2021.

**4. Seasonal or cyclical factors**

Ta Win and its group of companies’ (“**Group**”) operations are not materially affected by any seasonal or cyclical factors.

**5. Exceptional items**

There were no exceptional items during the quarter under review.

**6. Material changes in estimates used**

There were no material changes in estimates of the amounts reported in the most recent annual financial statements of the Group for the FYE 30 June 2021 that may have a material effect on the current quarter results.

**7. Debt and equity securities**

The Group did not undertake any issuance and / or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the 3-month financial period ended ("FPE") 30 September 2021 except as follows:-

During the 3-month FPE 30 September 2021, the Company's issued share capital increased from RM296,689,084 comprising 3,410,235,548 ordinary shares in Ta Win Holdings Berhad ("Ta Win" or the "Company") ("Ta Win Shares" or "Shares") to RM296,856,784 comprising 3,413,589,548 Shares as a result of the following:-

- (i) conversion of 3,354,000 irredeemable convertible preference shares in Ta Win ("ICPS") into 3,354,000 new Shares at the conversion price of RM0.05 by a combination of surrendering 1 ICPS and paying the difference between the issue price of the ICPS surrendered and the conversion price in cash (i.e., RM0.025) for 1 new Share.

**8. Dividend**

No dividend was paid in the current financial period under review.

**9. Carrying amount of revalued assets**

The Group has not carried out any valuation on its property, plant and equipment in the current financial period under review.

**10. Operating segments**

Operating segment information for the FPE 30 September 2021 is as follows:-

	<u>Manufacturing</u>	<u>Trading</u>	<u>Others</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External sales	64,204	2,084	529	-	66,817
Inter-segment sales	597	-	101	(698)	-
<b>Total revenue</b>	<b>64,801</b>	<b>2,084</b>	<b>630</b>	<b>(698)</b>	<b>66,817</b>
<b>Results</b>					
Operating profit/(loss)	(1,889)	60	(1,472)	(55)	(3,356)
Finance costs	(517)	-	-	47	(470)
Share of profit of associates	-	-	-	94	94
<b>Profit/(loss) before tax</b>	<b>(2,406)</b>	<b>60</b>	<b>(1,472)</b>	<b>86</b>	<b>(3,732)</b>

**11. Material events subsequent to the end of the current financial period**

In the opinion of the Directors of Ta Win, there are no items, transactions or events of a material and unusual nature that have arisen since FYE 30 June 2021 to the date of this announcement which would substantially affect the financial results of the Group for the FPE 30 September 2021 that have not been reflected in the condensed financial statements.

On 8 November 2021, Ta Win announced that Ta Win Innotech Sdn Bhd, a wholly-owned subsidiary of Ta Win ("TW Innotech") had on even date, entered into a conditional sale and purchase agreement with BRB Properties Sdn Bhd ("BRB Properties") for the acquisition by TW Innotech of a piece of leasehold industrial land held under Hakmilik Sementara (Daftar) 144388, PT 136844, Mukim Klang, Daerah Klang, Negeri Selangor together with a single storey detached warehouse erected thereon from BRB Properties for a total cash consideration of RM35.0 million.

**12. Changes in the composition of the Group**

Same as disclosed below, there were no significant changes in the composition of the Group including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring or discontinued operations for the current period.

On 22 October 2021, Ta Win's wholly-owned subsidiary, Ta Win Industries (M) Sdn Bhd ("TWI") incorporated a private limited company in Malaysia under the Companies Act 2016, Ta Win Innotech Sdn Bhd, whose principal activities are manufacture of copper wires, copper rods, cables and trading of copper products.

**13. Capital commitments**

The capital commitments of the Group as at the end of the quarter under review were as follows:-

	<u>As at 30 Sep 2021</u>
	<u>RM'000</u>
<b>Approved and contracted for:-</b>	
Purchase of property, plant and equipment	<u>20,756</u>

**14. Income tax**

	<u>Individual quarter ended 30 Sep</u>		<u>Cumulative quarter ended 30 Sep</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Income Tax</b>				
Current period	<u>105</u>	<u>-</u>	<u>105</u>	<u>-</u>

**15. Status of corporate proposals announced but not completed as at the date of this announcement**

Save as disclosed below, there is no corporate proposal announced by Ta Win but not completed as at the date of this announcement: -

- (i) On 14 September 2020, Mercury Securities Sdn Bhd had, on behalf of the Board of Directors of Ta Win ("**Board**"), announced that Ta Win proposed to diversify the Group's principal activities to include the undertakings to design, develop, financing, build to operate, sell and market an industrial park to be named as the "**Terengganu Ecocycle Park**" to be constructed on a piece of leasehold industrial land located at Kawasan Lembah Perasing, Mukim Hulu Jabor, Daerah Kemaman, Terengganu Darul Iman measuring approximately 500 acres as well as other related activities in conjunction with the joint venture agreement dated 29 July 2020 ("**JVA**") entered between Ta Win and Perbadanan Memajukan Iktisad Negeri Terengganu ("**PMINT**") ("**Proposed Diversification**").

On 29 December 2020, Ta Win announced that Ta Win and PMINT are in the midst of discussion to enter into a supplemental agreement to vary certain terms of the JVA ("**Supplemental JVA**"). Given the extended time required for Ta Win and PMINT to enter into the Supplemental JVA, Mercury Securities Sdn Bhd had, on behalf of the Board, announced that the Board had on even date resolved to seek Ta Win's shareholders' approval for the Proposed Diversification on a later date, i.e., after Ta Win and PMINT have entered into the Supplemental JVA.

On 11 February 2021, Ta Win had entered into a supplemental JVA with PMINT to amend certain provision of the JVA and insert new clauses in the JVA.

Ta Win shall seek shareholders' approval for the Proposed Diversification when the development of the Terengganu Ecocycle Park is expected to result in either: -

- (a) the diversion of 25% or more of the net assets of the Company; or
- (b) the contribution from such an operation of 25% or more of the net profits of the Company.

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- (ii) On 14 September 2020, Mercury Securities Sdn Bhd had, on behalf of the Board, announced that Ta Win proposed to undertake the renounceable rights issue of up to 3,106,101,171 Shares ("**Rights Shares**") at an issue price of RM0.06 per Rights Share on the basis of 3 Rights Shares for every 1 existing Ta Win Share held on 6 May 2021 ("**Rights Issue**"). On 2 February 2021, Bursa Malaysia Securities Berhad had vide its letter dated 2 February 2021 approved the listing of and quotation for the securities to be issued under the Rights Issue. On 23 February 2021, Ta Win's shareholders have approved the Rights Issue at the Company's extraordinary general meeting. The Rights Issue has been completed on 9 June 2021 following the listing of and quotation for 2,556,501,561 Rights Shares.

Ta Win has successfully raised RM153,390,093.66 from the Rights Issue and the status of the utilisation of proceeds as at 31 October 2021 is as follows:-

<u>Purpose</u>	<u>Approved utilisation</u>	<u>Actual utilisation</u>	<u>Balance</u>	<u>Estimated timeframe from receipt of proceeds</u>
	<u>RM'million</u>	<u>RM'million</u>	<u>RM'million</u>	
Working capital	64.1	(6.6)	57.5	Within 24 months
Repayment of bank borrowings	40.2	(20.0)	20.2	Within 12 months
Purchase of machineries and equipment	35.1	(10.0)	25.1	Within 24 months
Investment in Sin Line Tek	12.7	(12.7)	-	Within 1 month
Estimated expenses	1.3	(1.3)	-	Within 1 month
	<u>153.4</u>	<u>(50.6)</u>	<u>102.8</u>	

- (iii) On 1 September 2021, TA Securities Sdn Bhd had, on behalf of the Board, announced that Ta Win proposed to undertake a private placement of up to 20% of the total number of issued shares of the Company to 3<sup>rd</sup> party investors to be identified later and at an issue price to be determined later ("**Private Placement**"). On 17 September 2021, Bursa Securities had vide its letter dated 17 September 2021, approved the listing and quotation of up to 1,173,506,900 Placement Shares to be issued pursuant to the Private Placement.
- (iv) On 1 September 2021, the Board had, on behalf of the Company, announced that Ta Win had on 1 September 2021 entered into a memorandum of understanding ("MOU") with RR One Capital D.O.O. ("**RR One**") to explore potential collaboration opportunities in the application of smart contracts on blockchain technology in the infrastructure development of electric vehicle charging stations and integrated charging ecosystem. The MOU was terminated on 30 September 2021 following a termination letter served to RR One by Ta Win on even date as the parties were unable to conclude the discussions with details and terms of the joint venture. Pursuant thereto, the Company will no longer be pursuing the proposed joint venture with RR One as contemplated in the MOU.

**16. Borrowings and debt securities**

Details of the Group's borrowings and debt securities as at 30 September 2021 are as follows:-

	<u>As at 30 Sep 2021</u>	<u>As at 30 Jun 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
<b>Secured Short-Term Borrowings:-</b>		
Trade finance	53,393	78,413
Lease payables	1,209	1,222
Term Loan	498	444
	<u>55,100</u>	<u>80,079</u>
<b>Secured Long-Term Borrowings:-</b>		
Term Loan	2,892	3,025
Lease payables	3,056	3,354
	<u>5,948</u>	<u>6,379</u>
	<u>61,048</u>	<u>86,458</u>

**17. Fair value hierarchy**

There were no transfers between any levels of the fair value hierarchy during the current interim period and the comparative period. There were also no changes in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

**18. Material litigation**

Saved as disclosed in Section 19 below, there are no material litigations as at the date of this announcement.

**19. Contingent liabilities**

Save for the following, there are no other material changes in contingent assets or contingent liabilities for the FPE 30 September 2021: -

- (i) On 16 June 2020, the Royal Malaysian Customs, Melaka ("**Customs**") has issued two notices of demand of even date to TWI, claiming for alleged unpaid import duty and import sales tax of RM1,588,390.30 and RM141,966.42 respectively for the period 1 July 2018 to 30 June 2019 ("**Customs Claims**").

TWI believes it has strong reasonable grounds to object the basis of the Customs Claims. On 14 September 2020, TWI filed an application (bearing application no. MA25-5-09/2020) to the High Court in Melaka for leave to commence judicial review on the Customs Claims. The said application was heard on 4 November 2020 before the Honourable High Court Judge of Melaka. However, the Honourable High Court Judge of Melaka did not grant TWI's application for leave to commence judicial review.

On 16 November 2020, TWI filed an appeal bearing Appeal No. M-01(IM)-614-11/2020 to the Court of Appeal, Putrajaya against the decision of the Honourable High Court Judge of Melaka to set aside TWI's application for leave to commence judicial review. The case management for the said appeal was held on 4 October 2021 and the ground of judgement from the Honourable High Court Judge of Melaka was received by TWI on 24 September 2021.

On 4 October 2021, which was scheduled as a Case Management Hearing, TWI's solicitors informed the Senior Registrar of the Court of Appeal, Putrajaya that the Grounds of Judgement from the High Court of Melaka has been received by TWI solicitors on 24 September 2021 and TWI solicitors made an application before the Senior Registrar to fix another Case Management Hearing pending TWI's written appeal to the DG RMCD, Putrajaya dated 11 March 2021 for decision which as of date, no reply has been received yet. No objections were raised by the Senior Federal Counsel representing Customs and the TWI's application to have another Case Management Hearing which was granted and the next date for Case Management Hearing is fixed on 9 February 2022.

Based on the grounds of judgement by the High Court Judge of Melaka in refusing to grant leave to TWI to commence Judicial Review against Customs claims of alleged unpaid import duty amounting to RM 1,588,390.30 and sales tax amounting to RM 141,966.42 respectively, TWI's solicitors is of the opinion there is a reasonable chance that the appeal to the Court of Appeal will succeed.

If the Customs succeeds in their claims, the estimated maximum liability to the Group is RM1,730,356.72. TWI does not admit liability on the Customs Claims and TWI is taking the appropriate measures to address these matters. Notwithstanding the above, TWI has made the provision for the estimated maximum liability of RM1,730,356.72 in its financial statements for the FYE 30 June 2020. Ta Win will make the necessary announcement on any material development relating to the Customs Claims, as and when appropriate.

- (ii) On 3 June 2021, TWI has received a notice of demand dated 30 May 2021 issued by the Royal Malaysian Customs, Kelantan ("**Customs Kelantan**"), claiming for alleged unpaid import duty and goods and services tax ("**GST**") of RM 2,447,858.42 and RM 734,357.53 respectively for the period from January 2016 to December 2016 ("**Claims by Customs Kelantan**"). TWI has engaged solicitors to attend to this matter and seek further details about the basis of the Claims by Customs Kelantan. The estimated maximum exposure to liabilities of the Claims by Customs Kelantan to the Group is RM3,182,215.95.

TWI's solicitors cannot provide their opinion on the probable outcome of the Claims by Customs Kelantan until they receive a reply from Customs Kelantan. Accordingly, notwithstanding the above, TWI has made provision for the estimated maximum liability of RM3,182,215.95 in its financial statements for the FYE 30 June 2021.

**20. Detailed analysis of the performance between the current quarter and the immediately preceding quarter**

	Current quarter 30 Sep 2021	Immediate preceding quarter 30 Jun 2021	Variance	Variance
	RM'000	RM'000	RM'000	%
<b>Revenue</b>				
Manufacturing	64,204	144,193	(79,989)	-55.5
Trading	2,084	10,594	(8,510)	-80.3
Others	529	134	395	294.8
	<b>66,817</b>	<b>154,921</b>	<b>(88,104)</b>	<b>-56.9</b>
<b>Profit / (Loss) before tax</b>				
Manufacturing	(2,311)	(5,072)	2,761	-54.4
Trading	60	(218)	278	-127.5
Others	(1,481)	(2,674)	1,193	-44.6
	<b>(3,732)</b>	<b>(7,964)</b>	<b>4,232</b>	<b>-53.1</b>

Revenue for the current quarter under review had decreased by approximately RM88.1 million or 56.9% compared to the immediately preceding quarter. The decrease in revenue was mainly attributable to the decrease in revenue from manufacturing segment from RM144.2 million to RM64.2 million. This was due to lower production volume as a result of the COVID-19 pandemic measures implemented by the Government such as full movement control order ("MCO") with effect from 1 June 2021 and National Recovery Plan ("PPN") announced on 15 June 2021. During the full MCO, the Group's production was slow as the Group was only allowed to operate at a workforce capacity of up to 60%. Further, the Group's manufacturing facilities were closed for 2 weeks from 3 July 2021 to 16 July 2021 following the imposition of Enhanced MCO at Taman Mewah, Kelemak in Alor Gajah, Melaka by the Government. On 4 September 2021, Melaka has moved to Phase 2 of the PPN whereby the Group was allowed to operate at a workforce capacity of up to 80%. The Group only resumed its operation at 100% workforce capacity in the end of October 2021 after more than 90% of the workforce has been fully vaccinated.

The Group recorded a lower loss before tax of RM3.7 million for the 3-month FPE 30 September 2021 as compared to a loss before tax of RM8.0 million in the immediately preceding quarter. The lower loss before tax is attributable to absence of one-off and non-recurring expenses from the immediately preceding quarter, albeit partially offset by lower production activities. The loss attributable to equity holders of the parents is amounting to RM3.3 million, as compared to RM7.42 million in the immediately preceding quarter.

**21. Detailed analysis of the performance for the current quarter and year**

	Individual quarter ended 30 Sep			Variance %	Cumulative quarter ended 30 Sep			Variance %
	2021	2020	Variance		2021	2020	Variance	
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
<b>Revenue</b>								
Manufacturing	64,204	74,147	(9,943)	-13.4	64,204	74,147	(9,943)	-13.4
Trading	2,084	10,835	(8,751)	-80.8	2,084	10,835	(8,751)	-80.8
Others	529	26	503	1934.6	529	26	503	1934.6
	<b>66,817</b>	<b>85,008</b>	<b>(18,191)</b>	<b>-21.4</b>	<b>66,817</b>	<b>85,008</b>	<b>(18,191)</b>	<b>-21.4</b>
<b>Profit/(Loss) before tax</b>								
Manufacturing	(2,311)	(2,150)	(161)	7.5	(2,311)	(2,150)	(161)	7.5
Trading	60	235	(175)	-74.5	60	235	(175)	-74.5
Others	(1,481)	(1,136)	(345)	30.4	(1,481)	(1,136)	(345)	30.4
	<b>(3,732)</b>	<b>(3,051)</b>	<b>(681)</b>	<b>22.3</b>	<b>(3,732)</b>	<b>(3,051)</b>	<b>(681)</b>	<b>22.3</b>

In the 3-month FPE 30 September 2021 and cumulative quarter to-date, the Group's revenue decreased to approximately RM66.8 million (3-month FPE 30 September 2020: RM85.0 million), representing a decrease of approximately RM18.2 million or 21.4%. The lower revenue recorded in the manufacturing segment was mainly due to lower production volume due to measure implemented by the Government to contain the spread of COVID-19 as explained above which was partly offset by the increase of LME price which ranging from USD9,324.07 to USD9,433.59 per tonne in the 3-month FPE 30 September 2021 (3-month FPE 30 September 2020: USD6,353.76 to USD6,712.41 per tonne). In addition, revenue contributed from trading segment has decreased to RM2.1 million from RM10.8 million due to the disruption of supply chain whereby the business activities of the customers slowed down as a result of the measures implemented by the Government to contain the spread of COVID-19.

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The Group recorded a higher loss before tax of approximately RM3.7 million in the 3-months FPE 30 September 2021 as compared to the corresponding quarter, FPE 30 September 2020: RM3.1 million, representing an increase of approximately RM0.7 million or 22.3%. The higher loss before tax is due to lower production volume of the manufacturing segment, lower trading activities, and higher administrative expenses resulted from professional fees incurred for corporate exercises. The loss attributable to equity holders of the parents is amounting to RM3.3 million, as compared to RM2.8 million in the corresponding quarter.

**22. Commentary on prospects**

The Malaysian economy is on the road to recovery from COVID-19 supported by the reopening and resumption of all economic sectors. The Federal Territories of Kuala Lumpur and Putrajaya, Selangor as well as Melaka have moved from Phase 3 to Phase 4 of the PPN from 18 October 2021 in accordance with guidelines set by the PPN and the percentage of fully vaccinated adult population. Under Phase 4 of the PPN, both public and private sectors are allowed to operate at 100% workforce capacity.

On 1 November 2021, TWI had entered into a sales contract with POSCO International Corporation (“**POSCO International**”) to exclusively supply copper rods and wires as well as other copper related products (“**Products**”) to the copper foil manufacturers based in South Korea, including all their overseas production plants through POSCO International for a period of 3 years starting from 2022 and the estimated quantity of Products to be delivered by TWI during the term is 65,000MT.

To cater for the Ta Win Group’s expansion of its signal and power solution business as well as the potential increasing order from POSCO International, Ta Win Innotech Sdn Bhd, a wholly-owned subsidiary of Ta Win (“**TW Innotech**”) had on 8 November 2021 acquired a piece of leasehold industrial land held under Hakmilik Sementara (Daftar) 144388, PT 136844, Mukim Klang, Daerah Klang, Negeri Selangor together with a single storey detached warehouse erected thereon from BRB Properties Sdn Bhd. The acquisition of land and factory will allow the Ta Win Group to grow its production capacity from 24,000MT per annum to a target of 48,000MT per annum progressively to cater for the expected long-term growth in the demand for copper rods and wires. As the land and factory is strategically located at Pulau Indah Industrial Park/West Port, it is expected to minimise the Ta Win Group’s logistic cost and thereby allowing greater cost efficiency and economies of scale.

The Board of Directors is optimistic that with the Ta Win group’s expansion plans coupled with the reopening and resumption of all economic sectors (whereby 100% workforce are allowed) will enhance the Ta Win Group’s future financial performance.

**23. Profit forecast**

Not applicable as the Group does not publish any profit forecast.

**24. Earnings per share (“EPS”)**

	Individual quarter ended 30 Sep		Cumulative quarter ended 30 Sep	
	2021	2020	2021	2020
Loss for the period attributable to equity holders of the parent ('000)	(3,276)	(2,754)	(3,276)	(2,754)
Weighted average number of ordinary shares in issue ('000)	3,412,616	440,895	3,412,616	440,895
Basic loss per share (sen)	(0.10)	(0.62)	(0.10)	(0.62)
Diluted earnings / (loss) per share (sen)	Anti-dilutive	Anti-dilutive	Anti-dilutive	Anti-dilutive